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HARMONY ASSET LIMITED

亨亞有限公司*

(Incorporated in the Cayman Islands with limited liability)

(HKEX Stock Code: 428)

(TSX Trading Symbol: HAR)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2012

This announcement is made by Harmony Asset Limited (the “Company”) to comply with Canadian securities law and Toronto Stock Exchange requirements.

The financial data for the three months ended March 31, 2012 are based on the internal records and management accounts of the Company and its wholly owned subsidiaries (the “Group”). The financial data and statements have not been audited, reviewed or otherwise verified for accuracy and completeness of information by the auditor of the Company.

The Company’s shareholders and potential investors are urged to exercise caution in dealing in the shares of the Company and should consult their own professional advisers if they are in doubt as to their investment position.

FINANCIAL HIGHLIGHTS

The financial highlights of the Group for the three months ended March 31, 2012 are summarised as follows:

- Turnover, other revenue and other gains and losses of the Group for the three months ended March 31, 2012 were aggregated resulting in a gain of HK\$8,398,003 as compared to HK\$10,189,169 in the same period last year, representing a 18% decrease.
- Profit attributable to owners of the Company for the three months ended March 31, 2012 was HK\$4,753,828 as compared to HK\$7,097,783 in the same period last year, representing a 33% decrease.
- Basic earnings per share of the Group was HK\$0.12 for the three months ended March 31, 2012 as compared to HK\$0.18 in the same period last year, representing a 33% decrease.

* For identification purpose only

The Board of Directors of the Company (the “Board”) presents the unaudited, condensed, consolidated results of the Group for the three months ended March 31, 2012 with comparative figures for the corresponding period in 2011 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2012 and March 31, 2011

	2012 (Unaudited) <i>HK\$</i>	2011 (Unaudited) <i>HK\$</i>
Turnover	617,879	4,604,839
Other revenue	6,968	27,127
Other gains and losses	7,773,156	5,557,203
	8,398,003	10,189,169
Employee benefits expenses	(719,342)	(544,450)
Depreciation of property, plant and equipment	(168,891)	(89,684)
Other operating expenses	(2,755,942)	(2,457,252)
Profit before income tax	4,753,828	7,097,783
Income tax expense	—	—
Profit for the period attributable to owners of the Company	4,753,828	7,097,783
Other comprehensive income:		
Gains or (loss) on fair value changes on available-for-sale financial assets	(1,017,144)	666,105
Transfer of fair value gains to profit or loss upon disposal of available-for-sale financial assets	—	(1,670,172)
Other comprehensive income for the period	(1,017,144)	(1,004,067)
Total comprehensive income for the period attributable to owners of the Company	3,736,684	6,093,716
Earnings per share		
Basic	HK\$0.12	HK\$0.18
Diluted	HK\$0.12	HK\$0.18

* Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of the ordinary shares in issue during the period.

Diluted earnings per share for the period is the same as the basic earnings per share as the Company has no outstanding share option during the period.

Condensed Consolidated Statement of Financial Position

As at March 31, 2012 and December 31, 2011

	March 31 2012 (Unaudited) HK\$	December 31 2011 (Audited) HK\$
Non-current assets		
Property, plant and equipment	1,537,603	1,706,494
Interest in an associate	–	6,681,887
Available-for-sale financial assets	82,831,921	81,497,676
Loans and receivables	47,407,742	32,208,444
	<u>131,777,266</u>	<u>122,094,501</u>
Current assets		
Accounts receivable and prepayments	19,642,145	6,414,293
Trading securities	81,202,953	65,365,498
Derivative financial instruments	3,581,809	3,581,809
Tax recoverable	2,661,127	2,661,127
Bank balances and cash	39,949,367	75,404,609
	<u>147,037,401</u>	<u>153,427,336</u>
Current liabilities		
Accounts payable and accruals	6,380,634	6,824,488
	<u>6,380,634</u>	<u>6,824,488</u>
Net current assets	<u>140,656,767</u>	<u>146,602,848</u>
Total assets less current liabilities/Net assets	<u><u>272,434,033</u></u>	<u><u>268,697,349</u></u>
Capital and reserves		
Share capital	39,058,615	39,058,615
Reserves	233,375,418	229,638,734
Total equity	<u><u>272,434,033</u></u>	<u><u>268,697,349</u></u>
Net asset value per share	<u><u>HK\$6.98</u></u>	<u><u>HK\$6.88</u></u>

* The accounting policies adopted in preparing the financial data for the three months ended March 31, 2012 are consistent with those used in the annual consolidated financial statements of the Group for the year ended December 31, 2011.

The financial data for the three months ended March 31, 2012 are unaudited and based on the internal records and management accounts of the Group.

OVERALL PERFORMANCE

For the three months ended March 31, 2012, the Group received interest income in the aggregate amount of HK\$614,893 as compared to HK\$2,156,331 in the same period last year, representing a 71% decrease. Dividend income generated from the securities was HK\$2,986 for the three months ended March 31, 2012 as compared to HK\$2,448,508 in the same period last year, representing a 100% decrease. Turnover was HK\$617,879 for the three months ended March 31, 2012 as compared to HK\$4,604,839 in the same period last year, representing a 87% decrease. For the period ended March 31, 2012, the Group disposed of certain of its publicly traded securities and derivative financial instruments to obtain a realised gain of HK\$2,342,674 (2011: HK\$2,723,203). Gain on fair value changes on trading securities was HK\$5,180,112 (2011: loss of HK\$195,081). There were no realized gains on disposal of unlisted investments (2011: HK\$1,670,172). Recovery of impairment losses on accounts receivable previously recognised was HK\$316,611 (2011: nil). No recovery of impairment losses on loans and receivables previously recognised (2011: HK\$1,103,619). Net exchange loss for the period ended March 31, 2012 was HK\$66,241 (2011: gain of HK\$255,290). The Group recorded turnover, other revenue and other gains and losses in a gain of HK\$8,398,003 for the three months ended March 31, 2012 as compared to HK\$10,189,169 in the same period last year, representing a 18% decrease.

For the three months ended March 31, 2012, the profit before income tax and the profit attributable to owners were HK\$4,753,828 as compared to HK\$7,097,783 in the same period last year, representing a 33% decrease. The decrease in profit is mainly due to a decrease in dividend income received for the three months ended March 31, 2012 as compared to the same period last year.

CAUTION STATEMENT

The Company's shareholders and potential investors should note that all the figures contained herein are unaudited (except otherwise stated). Accordingly, figures contained in this announcement should in no way be regarded as any assurance on the financial results of the Group for the period ended March 31, 2012 and the financial position as at March 31, 2012.

The Company's shareholders and potential investors are urged to exercise caution in dealing in the shares of the Company and consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
Harmony Asset Limited
Lee Fong Lit David
Chairman

Hong Kong, May 14, 2012

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. LEE Fong Lit David, Dr. CHOW Pok Yu Augustine and Mr. CHAN Shuen Chuen Joseph; one non-executive director, namely, Dr. LAM Andy Siu Wing JP; and three independent non-executive directors, namely, Mr. TONG Kim Weng Kelly, Dr. WONG Yun Kuen and Mr. HO Man Kai Anthony.